

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
MONTANA STATE AUDITOR**

**IN THE MATTER OF THE  
CONVERSION OF BLUE CROSS AND  
BLUE SHIELD OF MONTANA, INC.,  
AND ALLIANCE WITH HEALTH  
CARE SERVICE CORPORATION,**

**Applicants.**

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) **Case No.: INS-2012-238**  
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) **PREHEARING SCHEDULE AND**  
) **PROCEDURAL ORDER**  
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I have been appointed jointly by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner), and the Attorney General for the State of Montana (Attorney General) as the Hearing Examiner presiding over this matter under Mont. Code Ann. § 50-4-711(1).

I have received the joint Application for Approval of Alliance (Application) filed on November 16, 2012, by Blue Cross and Blue Shield of Montana, Inc. (BCBSMT) and Health Care Service Corporation, a Mutual Legal Reserve Company (HCSC) (collectively Applicants), whereby HCSC will acquire the insurance and Administrative Services Only (self-funded) operations and related assets and specified associated liabilities of BCBSMT.

The Commissioner has noticed the Application under Mont. Code Ann. § 50-4-709 as follows:

1. On December 3, 2012, the Commissioner issued a Notice of Application for Conversion and Public Hearing and scheduled a public hearing on the proposed transaction at 9:00 a.m., February 12, 2012 (Public Hearing), pursuant to Mont. Code Ann. § 50-4-710.

Mont. Code Ann. § 33-2-1212 by December 21, 2012. The CSI shall file its answer brief by December 31, 2012. Applicants shall file their reply brief by January 7, 2013.

b. An initial disclosure of witnesses, including experts, and exhibits must be exchanged among the Parties and filed with the Hearing Examiner by January 16, 2013.

c. All prehearing motions, including motions *in limine*, must be filed with the Hearing Examiner by January 21, 2013. Answer briefs must be filed by January 31, 2013. Reply briefs must be filed by February 7, 2013.

d. The Parties shall use the discovery procedures under the Montana Rules of Civil Procedure, Mont. Code Ann. Title 25, chapter 20. Discovery shall close by January 29, 2013.

e. All Mont. R. Civ. P. 26(b)(4) expert witness disclosures and reports are to be exchanged among the Parties and filed with the Hearing Examiner by January 29, 2013.

f. The Parties shall interview and depose witnesses and expert witnesses by February 5, 2013.

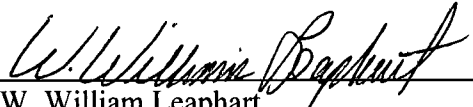
g. The Parties may prefile witness testimony which must be exchanged among the Parties and filed with the Hearing Examiner by February 5, 2013.

h. Final witness lists must be exchanged among the Parties and filed with the Hearing Examiner by February 8, 2013.

i. All exhibits must be exchanged among the Parties and filed with the Hearing Examiner by February 8, 2013. Applicants shall identify their exhibits by Arabic numeral. The CSI shall identify its exhibits by letter. The Department of Justice shall identify its exhibits by Roman numeral. Identification used for exhibits during discovery shall be identical to those used at the Public Hearing. The Parties stipulate as to the foundation and authenticity for all written documents produced in prehearing disclosure and during the course of discovery. If any Party

6. The Public Hearing will only relate to whether the proposed transaction is in the public interest and should be approved or disapproved and the public has the opportunity to comment on the proposed transaction. The Public Hearing will not, however, address the question of distribution of the assets of BCBSMT and therefore, no public comment will be permitted regarding the distribution of the assets. Pursuant to Mont. Code Ann. § 50-4-711(2), oral public comments are not subject to cross-examination without the consent of the person providing the comments. The Commissioner and the Attorney General may rely on factual information provided in public comment only if the person providing the public comment consents to cross-examination or the Commissioner or the Attorney General makes a specific finding that the factual information meets the requirements of Rule 804(b)(5) of the Montana Rules of Evidence.

DATED this 19<sup>th</sup> day of December, 2012.

  
W. William Leaphart  
Hearing Examiner

cc: Jacqueline T. Lenmark, Esq.  
Kelley Hubbard, Esq.  
Jesse Laslovich, Esq.  
Sybil Shults